

VIII. Benefits for Survivors

the member's coverage and whether the death occurred before or after his or her retirement. If the member has not named a beneficiary, the member's estate receives the lump-sum death payment.

Monthly Allowances

Monthly allowances may be paid to eligible survivors of members who die before retirement or who are receiving a disability allowance at the time of death.

These monthly allowances are different from payments made to option beneficiaries of STRS members. An option beneficiary is a person chosen by the member to receive a monthly allowance after the member's death. For information on options and option beneficiaries, see Section VI, Service Retirement, Electing an Option.

Member Has Less Than One Year of Service Credit

If a member has less than one year of service credit, the only benefit payable to the surviving beneficiary is a refund of accumulated retirement contributions and credited interest.

BEFORE If a STRS Member Dies Before Retirement

Coverage A

Under Coverage A, benefits are payable to survivors of a person who became a member of STRS before October 16, 1992, and did not elect Coverage B.

The STRS Defined Benefit Plan provides benefits to survivors of members who die, either before or after retirement. These benefits are designed to provide a basic level of security for survivors and vary depending on whether the member was covered under Coverage A, Family Allowance or Coverage B, Survivor Benefit.

Coverage A or Coverage B



If you became a STRS member after October 15, 1992, your survivors are protected under Coverage B. If you became a STRS member before that date, you were offered the choice of either Coverage A or Coverage B.

Your Annual Statement of Account will show which survivor coverage you have, or, if you are not certain of your coverage, you can call STRS Public Service at 1-800-228-5453 or (916) 229-3870.

Lump-Sum Death Payment

A lump-sum death payment is payable to the designated beneficiary(ies), under both Coverage A and B. The amount depends on



SECTION VIII

55



SURVIVOR BENEFITS



Lump-Sum Death Payment

Under Coverage A, if a STRS member dies before he or she retires, or while receiving a disability allowance, STRS pays a \$5,227 lump-sum death payment to the beneficiary(ies) chosen by the member. (This amount is adjusted periodically by the TRB.) If more than one beneficiary is named, the payment is divided equally, unless the member specifies other percentages of distribution. If there is no designated beneficiary, STRS must make the payment to the estate of the deceased member.

For STRS to pay this benefit, the member must have had one year or more of credited service (including one year of credited service following the most recent refund of accumulated retirement contributions) and death must have occurred during one of the following periods:

- while the member was actively employed or receiving a disability allowance
- within four months after the member terminated employment
- within four months after the member terminated a disability allowance if no service was performed after the termination
- within 12 months of the last day of paid service, if the member was on an approved leave of absence without compensation, for reasons other than disability or military service.

Note: Coverage A includes a provision that would provide death benefits if the disability had been continuous from the last day for which compensation had been paid.

Coverage A—Family Allowance

How do survivors qualify for the monthly Family Allowance?

The member must have met the same eligibility requirements as for the lump-sum death payment described above, and the member:

- cannot have a pre-retirement election of an option in effect
- must have earned one year of credited STRS service since reinstatement from service retirement (if applicable)

- must have earned at least one-half year of service credit after a break in service of more than one year (if applicable)

Under Coverage A, a monthly family allowance is payable to:

The surviving spouse with eligible children

A dependent child is eligible if he or she is:

- the natural, adopted or stepchild of the member and not adopted by a person other than the member's spouse;
- born within the 10-month period commencing on the effective date of death,
- under age 22 at the time of the member's death; **and**
- financially dependent upon the member on the date the member died, or on the effective date of disability, if the member died while receiving a disability allowance.

The surviving spouse will receive 40 percent of the member's final compensation, and 10 percent of the member's final compensation for each child up to a maximum of 50 percent for five or more children. The maximum family allowance is 90 percent of a member's final compensation. The family allowance is payable as long as there is an unmarried, dependent child under the age of 22. (See example on page 57)



The surviving spouse with no eligible children

If there are no eligible children (or when the last child is no longer eligible), the surviving spouse may elect to receive:

- a return of the accumulated contributions and interest in the member's account at the time of death, less all monthly allowances paid

OR

- a monthly allowance beginning at age 60, payable for life. The calculation is based on the projected service and final compensation the member would have accrued as if he or she retired at age 60.
- a monthly allowance before age 60, actuarially reduced.



Dependent children, but no surviving spouse

If there are dependent children, but no surviving spouse, the dependent children are eligible for 10 percent of the member's final compensation for each child up to a maximum allowance of 50 percent. More than five eligible dependent children will share equally in the total 50 percent of final compensation. Benefits are payable to each child until the child is no longer eligible (marries, attains age 22, or is no longer dependent).

Dependent parents

A family allowance can be paid to dependent parents, if there is no surviving spouse and no dependent children. A parent will be paid a monthly payment for life beginning at age 60, or if the dependent parent is under age 60, he or she may elect to receive an actuarially reduced allowance for life. For more information about eligibility requirements for this allowance, contact STRS.

Named beneficiary

If there is not a surviving spouse, eligible children or dependent parents, the remaining contributions and interest in the member's account, if any, will be paid to the named beneficiary(ies) designated to receive the lump-sum death payment.

Offsets

STRS must offset any family allowance under Coverage A by the amount of benefits payable by other public systems because of a member's death. Other public systems include Social Security, federal civil service retirement, federal military disability, railroad retirement, and any other public retirement system, including disability programs financed from public funds.

A copy of the award letter(s) must be sent to STRS so that payments can be adjusted.

Coverage A

Family Allowance Example

Rob dies at age 40. His survivors include a spouse with eligible children.

Example

Member: Rob, age 40
Spouse: Linda, age 40
Children: Mike 15, Robert 10, & Sandy 5
Service Credit: 10 years

Final Compensation	\$3,220
Spouse's Allowance (40% x \$3,220)	\$ 1,288
Children's Increment 3 x 10% x \$3,220	\$ 966
Family Allowance with eligible children	\$ 2,254
Less Social Security offset (\$500)	- \$ 500
Amount payable by STRS	\$ 1,754

Linda will receive a monthly family allowance of \$1,754 as long as she has three eligible children. In addition, an annual allowance improvement increase of 2 percent of the initial allowance will be added to the monthly payment each September, beginning a year after Rob's death. As each child becomes ineligible, that child's increment will no longer be included in the allowance.

When her youngest child reaches age 22, Linda, age 57, will have to make a choice.

1. She can take the remaining contributions and interest in Rob's account, less all previously paid benefits.

OR

2. At age 60, Linda can receive the surviving spouse allowance payable for life. She will receive a monthly payment of \$1,347.86, based on Rob's projected service and projected final compensation. This equals one-half of what Rob would have received if he had worked to age 60 and elected Option 3.

OR

3. If Linda elects to receive a family allowance before age 60, the allowance will be actuarially reduced.

BEFORE

If a STRS Member Dies Before Retirement

**Coverage B**

Under Coverage B, benefits are payable to survivors of a person who became a member of STRS on or after October 16, 1992, or elected Coverage B.

Lump-Sum Death Payment

Under Coverage B, if a STRS member dies before he or she retires, STRS pays a \$20,908 lump-sum death payment to the beneficiary(ies) chosen by the member. (This amount is adjusted periodically by the TRB.) If more than one beneficiary is named, the payment is divided equally, unless the member specified other percentages of distribution. If there is no designated beneficiary, STRS must make the payment to the estate of the deceased member.

For STRS to pay this benefit, the member must have had one year or more of credited service. If the member had taken a refund of contributions or had reinstated after retirement, the member must have:

- earned one year of credited service,

OR

- six months must have elapsed since reinstatement from disability retirement

OR

- one year must have elapsed since reinstatement from service retirement **and** the member's death must have occurred during one of the following periods:
- while the member was actively employed
- within four months after the member terminated STRS-covered employment
- within 12 months of the last day of paid service, if the member was on an approved leave of absence without compensation, for reasons other than disability or military service

Coverage B—Survivor Benefit***How do survivors qualify for the monthly survivor benefit?***

The member must have met the same eligibility requirements as for the lump-sum death payment and the member:

- must not have a pre-retirement election of an option in effect
- must have earned one year of credited STRS service since reinstatement from service retirement (if applicable)
- must have earned at least one-half year of service credit after a break in service of more than one year (if applicable)
- must have died within four months after reinstatement from disability retirement, if member had reinstated to active membership from disability retirement

Under Coverage B, a monthly survivor benefit is payable to:

The surviving spouse

Under Coverage B, the monthly survivor benefit allowance payment is made to a surviving spouse.

The spouse is eligible for a monthly allowance whether there are eligible children or not.

The allowance is calculated as if the member had retired under Option 3 on the date of death. Under Coverage B, a surviving spouse has the choice of receiving either a monthly allowance or a return of the member's contributions and interest.

The surviving spouse can begin receiving the survivor benefit allowance either:

- immediately as of the member's date of death
The benefit is reduced if the member was under age 60 at the time of death.

OR

- when the deceased member *would have reached* age 60.



The monthly allowance is calculated on the member's actual service credit, and final compensation at the time of the member's death. If the member dies on or before age 60, the member's and spouse's ages as of the date the member would have attained age 60 are used in the calculation.

If the member dies after age 60, the member's age and spouse's age as of the date of death will be used in the calculation.

The calculation may also include service credit for the member's unused sick leave if he or she became a STRS member before July 1, 1980.

Eligible children

If there are eligible dependent children and the spouse decides to take a survivor benefit, the payment will include a children's monthly increment.

- No child's increment is payable if there is no surviving spouse, or if the surviving spouse decides to receive a return of the member's contributions.

A child is eligible if he or she is:

- the natural, adopted or stepchild of the member, and not adopted by a person other than the member's spouse;
- under age 21 at the time of the member's death, **and**
- financially dependent upon the member at the time of death.

The child's increment begins on the day following the member's date of death, and is payable until age 21, even if the spouse elects to wait to receive a monthly survivor allowance until the member's sixtieth birthday.

If the surviving spouse dies before the last child reaches age 21, the children's increment is still payable until the child attains age 21.

The children's increment is 10 percent of the member's final compensation for each child, up to a maximum of 50 percent for five or more children.

Offsets

The monthly survivor benefit allowance under Coverage B is *not* reduced by benefits payable from other public systems, such as Social Security.

Coverage B—Survivor Benefit Allowance Example

Rob dies at age 40. His survivors include a spouse with eligible children.

Member	Rob, age 40
Spouse	Linda, age 40
Children	Mike 15, Robert 10, and Sandy 5
Service credit	10 years
Final compensation	\$3,220

Linda can choose the survivor benefit allowance or she can choose to take a refund of the contributions and interest in Rob's STRS account. However, *if she does not elect a monthly allowance, the children are not entitled to monthly benefits.*

If Linda elects the survivor benefit allowance, a children's increment of \$966 per month (3 x 10 percent of \$3,220) is payable for the children immediately as of the date of Rob's death.

Plus

Linda can either defer receipt of her own survivor benefit allowance until Rob would have reached his sixtieth birthday or she can choose to receive a reduced allowance immediately.

Example

$$2\% \times 10 \text{ years of service} \times \$3,220 = \$644.00$$

Option 3 Factor (member and spouse age 60)	94.3%
Modified Allowance	\$607.29
Linda's allowance if deferred to age 60 ($\$607.29 \div 2$)	\$303.64
Linda's allowance if started as of the date of Rob's death $\$303.64 \times .1740$ (age 40 reduction factor)	\$ 52.83

If Linda elects to take the monthly allowance immediately, she will receive a total survivor benefit allowance of \$1,018.83. She will receive each child's increment until that child reaches age 21. After Linda's last child turns 21, she will continue to receive the spouse's portion (\$52.83) for the rest of her life. In addition, an annual allowance improvement increase of 2 percent of the initial allowance will be added to the monthly payment each September, beginning a year after Rob's death. Under Coverage B, the monthly spousal allowance is available immediately, whether the spouse has eligible children or not.

What if there is no surviving spouse?

No monthly benefits are payable to survivors if there is no surviving spouse.

What if the deceased member had elected an option?

Some eligible STRS members may have chosen to file a pre-retirement election of an option. In this event, an option benefit is payable, instead of a monthly survivor benefit allowance. See page 32 for more information on options.

**After
When
A Member Dies****After Retirement—Coverages A and B
Lump-Sum Death Payment**

If a member dies after he or she is retired, the lump-sum death payment is the same under both Coverage A and Coverage B.

STRS pays a \$5,227 lump-sum death payment to the beneficiary(ies) of a retired member. The amount of the payment may be adjusted periodically by the Teachers' Retirement Board. If more than one beneficiary is named, the payment is divided equally, unless the member specified other percentages of distribution. If there is no designated beneficiary, STRS must make the payment to the estate of the deceased member.

Monthly Allowance

Once a member has retired, no monthly allowance is payable to survivors unless the member has chosen one of the options described in Section VI, Service Retirement, Electing an Option. If the member has chosen an Option Beneficiary, the beneficiary will receive the monthly allowance payable under that particular option. If the retired member has not chosen an option, he or she has been receiving an unmodified monthly allowance.

Unmodified Monthly Allowance

For the retired member who elects the unmodified allowance and receives it for his or her lifetime, no continuing monthly allowance will be payable to a beneficiary.

However, the beneficiary **will** receive the allowance accrued during the month of death, and any residual contributions and interest that may be in the retired member's account, after all allowance payments made to the retired member have been deducted.



Example

Elaine had been retired for 10 years at the time of her death on the 15th of the month. She had \$35,000 in contributions and interest at the time of retirement and received \$115,000 in retirement benefits before her death. Elaine's monthly allowance was \$950.

The amount payable to Elaine's beneficiary would be calculated as follows:

Contribution and interest balance at retirement	\$ 35,000
Less retirement allowance paid	- \$115,000
Remaining contributions and interest	0
Accrued monthly allowance during the month of death (1/2 month x \$950)	\$ 475
Lump-sum death payment	\$ 5,227
Total Payable	\$ 5,702

How to Report the Death of a STRS Member or Benefit Recipient

STRS should be notified as soon as possible of the death of a member, option beneficiary, or payee receiving STRS benefits. This can be done by writing to:

STRS
P. O. Box 15275
Sacramento CA 95851-0275
Or by calling STRS Public Service
Office at: (916) 229-3870 or
toll-free at 1-800-228-5453.

STRS will need the following information:

- deceased person's name and Social Security number
- date of death
- individual's status immediately preceding death: retired, disabled, a member in active teaching status, option beneficiary, or other payee
- name, address and telephone number of contact person

A beneficiary application packet will be sent to the contact person within five days from the date STRS receives the notification of death. The packet serves as an official acknowledgment of receipt of notification. The completed application is used to identify the eligible beneficiary(ies) for various benefits.

The original or certified death certificate must be sent to STRS. STRS payments issued to the deceased after the date of death must be returned to STRS. The appropriate parties will be contacted if additional certificates or documents are needed.

When can a beneficiary expect payment?

STRS generally pays survivor benefits to beneficiaries within 45 days of the receipt of the last required document. Payment may be delayed if documentation, such as marriage or death certificates, is not received in a timely manner or because of the absence of a valid beneficiary designation form on file with current beneficiary addresses.



SECTION VIII

62

SURVIVOR BENEFITS